S6615-2

OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

MAY 1986

APRIL INDICATORS

UNEMPLOYMENT RATE

Oregon	(Seas. Adj.)
Apr. 1986	9.2
Mar. 1986	9.0
Apr. 1985	9.2
U.S.	
Apr. 1986	7.1
Mar. 1986	7.2
Apr. 1985	7.3

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1977=100
Apr. 1986	111.6
Mar. 1986	111.5
Feb. 1986	111.7
Jan. 1986	111.6
Dec. 1985	111.2

DIFFUSION INDEX

Oregon	
Apr. 1986	52.7
Mar. 1986	48.8
Feb. 1986	52.3
Jan. 1986	49.6
Dec. 1985	55.8

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon	
Mar. 1986	39.3
Feb. 1986	38.7
Mar. 1985	38.8

CONSUMER PRICE INDEX (CPI)
1967=100
ALL URBAN CONSUMERS

Portland MSA	
Mar. 1986	315.0
Yearly Change	+ 1.9%
U.S.	
Apr. 1986	325.3
Yearly Change	+ 1.6%

Portland Hotline 221-4132

APRIL: NO "SPRING" FORWARD, BUT . . .

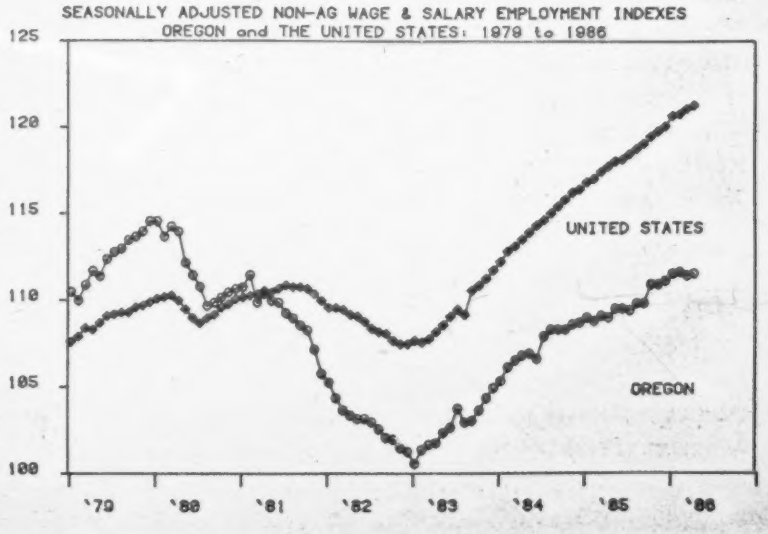
Bryan Sutherland

While Oregon's April employment figures continued to emit somewhat muddled signals, particular aspects of Oregon's economy provide positive signs.

With any economic event there are winners and losers. Unfortunately, over the past few years Oregon always seemed to be on the losing end of national and international economic events. High fuel prices, high interest rates, and the strong U.S. dollar all seemed to work against the Oregon economy. Well, it finally looks as though, to some extent, Oregon may be the beneficiary of economic events rather than the victim.

Although Oregon's seasonally adjusted unemployment rate edged up a negligible 0.2 percentage points to April's 9.2, other indicators seem to point to a better performance by Oregon's economy. Total nonagricultural wage and salary employment, expected to rise seasonally by approximately 6,500 from March to April, rose instead by 7,100. This improvement was reflected in Oregon's nonfarm wage and salary employment index, which increased to 111.6, one-tenth of a point higher than in March and 2.5 points higher than one year ago.

Another key economic indicator, the Oregon diffusion index, also gave some hint of movement in the right direction. The diffusion index, a measure of potential future growth in the Oregon economy, improved significantly in April rising 3.9 points from March 1986 and 1.9 points above April 1985.



RESIDENT OREGON LABOR FORCE

	APR. 1986 1/	MAR. 1986 2/	CHANGE	% CHANGE	APR. 1985 5/
CIVILIAN LABOR FORCE 3/	1,321,100	1,324,300	- 3,200	- 0.2	1,316,400
UNEMPLOYMENT	126,300	128,800	- 2,500	- 1.9	126,100
PERCENT OF LABOR FORCE	9.6	9.7	XXX	XXX	9.6
SEASONALLY ADJUSTED PERCENT	9.2	9.0	XXX	XXX	9.2
TOTAL EMPLOYMENT 4/	1,194,800	1,195,500	- 700	- 0.1	1,190,300

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1985 AND JANUARY 1986, DATA FOR 1986 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	APR. 1986 1/	MAR. 1986 2/	APR. 1985	CHANGE FROM MAR. 1986	CHANGE FROM APR. 1985
TOTAL 3/	1,037,600	1,030,500	1,014,300	7,100	23,300
WAGE & SALARY EMPLOYMENT INDEX 4/	111.6	111.5	109.1	XXX	XXX
DIFFUSION INDEX 5/	52.7	48.8	50.8	XXX	XXX
TOTAL MANUFACTURING	195,500	194,100	192,300	1,400	3,200
DURABLE GOODS	145,700	143,600	142,600	2,100	3,100
LUMBER & WOOD PRODUCTS	64,000	62,800	60,900	1,200	3,100
LOGGING & SAWMILLS	33,300	32,500	31,200	800	2,100
VENEER & PLYWOOD	16,900	16,600	15,900	300	1,000
MILLWORK & STRUCTURAL WOOD	8,700	8,600	8,600	100	100
MOBILE HOMES	1,500	1,500	1,500	0	0
OTHER WOOD PRODUCTS	3,600	3,600	3,700	0	- 100
FURNITURE AND FIXTURES	2,900	2,800	2,700	100	200
STONE, CLAY, GLASS & CONCRETE	2,900	2,700	3,000	200	- 100
PRIMARY METALS	8,700	8,600	8,800	100	- 100
BLAST FURNACES, IRON & STEEL	5,600	5,500	5,500	100	100
NONFERROUS METALS	3,100	3,100	3,300	0	- 200
FABRICATED METALS	11,700	11,600	10,600	100	1,100
FABRICATED STRUCTURAL METALS	6,000	6,000	5,000	0	1,000
OTHER FABRICATED METALS	5,700	5,600	5,600	100	100
MACHINERY	15,200	15,100	15,600	100	- 400
ELECTRICAL EQUIPMENT & SUPPLIES	12,800	13,000	14,100	- 200	- 1,300
TRANSPORTATION EQUIPMENT	11,000	10,500	9,700	500	1,300
INSTRUMENTS & RELATED PRODUCTS	13,900	14,000	14,700	- 100	- 800
MISCELLANEOUS MANUFACTURING	2,600	2,500	2,500	100	100
NONDURABLE GOODS	49,800	50,500	49,700	- 700	100
FOOD & KINDRED PRODUCTS	19,200	19,900	19,900	- 700	- 700
CANNING & PRESERVING	9,100	9,900	9,600	- 800	- 500
OTHER FOOD PRODUCTS	10,100	10,000	10,300	100	- 200
TEXTILE MILL PRODUCTS	1,600	1,600	1,700	0	- 100
APPAREL	2,300	2,400	2,400	- 100	- 100
PAPER & ALLIED PRODUCTS	9,000	9,100	8,700	- 100	300
PRINTING & PUBLISHING	11,700	11,600	11,300	100	400
CHEMICALS & ALLIED PRODUCTS	1,900	1,900	1,900	0	0
PETROLEUM REFINING	400	300	400	100	0
RUBBER & PLASTIC PRODUCTS	3,100	3,100	2,900	0	200
LEATHER PRODUCTS	600	600	500	0	100

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	APR. 1986	MAR. 1986	APR. 1985	CHANGE FROM MAR. 1986	CHANGE FROM APR. 1985
(CONT.)					
TOTAL NONMANUFACTURING	842,100	836,400	822,000	5,700	20,100
MINING & QUARRYING	1,700	1,500	1,500	200	200
CONSTRUCTION	29,900	27,900	30,400	2,000	- 500
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	58,200	57,800	57,000	400	1,200
TRANSPORTATION	36,500	36,300	35,200	200	1,300
RAILROAD	4,700	4,700	5,200	0	- 500
TRUCKING & WAREHOUSING	20,600	20,400	18,900	200	1,700
OTHER TRANSPORTATION	11,200	11,200	11,100	0	100
COMMUNICATIONS	13,100	13,000	13,200	100	- 100
UTILITIES	8,600	8,500	8,600	100	0
TRADE	258,500	257,400	252,400	1,100	6,100
WHOLESALE TRADE	66,600	67,400	64,600	- 800	2,000
DURABLE GOODS	39,000	39,100	38,500	- 100	500
NONDURABLE GOODS	27,600	28,300	26,100	- 700	1,500
RETAIL TRADE	191,900	190,000	187,800	1,900	4,100
GENERAL MERCHANDISE	24,700	24,800	23,900	- 100	800
FOOD STORES	30,000	29,900	28,400	100	1,600
AUTO DEALERS & SERVICE STATIONS	24,200	23,900	24,200	300	0
OTHER RETAIL TRADE	113,000	111,400	111,300	1,600	1,700
FINANCE, INSURANCE, & REAL ESTATE	66,700	66,600	66,100	100	600
BANKING & CREDIT AGENCIES	23,600	23,500	23,300	100	300
OTHER FINANCE, INSURANCE, & REAL ESTATE	43,100	43,100	42,800	0	300
SERVICES	222,700	220,000	212,900	2,700	9,800
HOTELS & PERSONAL SERVICES	24,800	24,000	24,300	800	500
HEALTH SERVICES	72,200	71,700	68,300	500	3,900
OTHER SERVICES	125,700	124,300	120,300	1,400	5,400
GOVERNMENT	204,400	205,200	201,700	- 800	2,700
FEDERAL GOVERNMENT	28,200	28,000	28,700	200	- 500
STATE GOVERNMENT	55,700	55,900	54,700	- 200	1,000
EDUCATION	24,100	24,600	23,600	- 500	500
OTHER STATE	31,600	31,300	31,100	300	500
LOCAL GOVERNMENT	120,500	121,300	118,300	- 800	2,200
EDUCATION	77,600	78,500	77,000	- 900	600
OTHER LOCAL	42,900	42,800	41,300	100	1,600
LABOR-MANAGEMENT DISPUTES	0	0	800	0	- 800

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER 'DEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 72'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

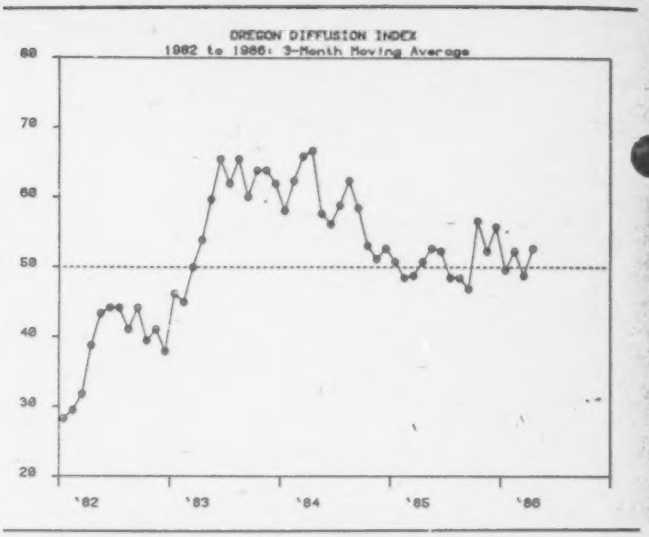
To be candid, the level of both of these indexes can be looked upon in a positive or negative light. First, an improvement in the wage and salary employment index of only one-tenth of one point (March to April 1986) is negligible and cannot be seen as a very significant development. In fact, this minute gain is serving only to move us back to the February 1986 level of 111.7, the highest level since April 1980. Second, the employment index has been in the 111.5 to 111.7 range for the past four months, indicating very little movement either positive or negative. Nevertheless, the fact remains that the number of people earning wages and salaries in the nonfarm sector this April was the highest of any April in the past six years.

The diffusion index may also be viewed from either a positive or negative perspective. At a level of 52.7, this index is close enough to the neutral 50.0 that one could conclude that no immediate change is in the offing. Further, with the diffusion index for 1986 vacillating between 48.8 and 52.7, the economy appears to have been "in neutral" for the last four months. On the one hand, the index was up nearly four points over March's 48.8, April's 52.7 was the highest level of 1986, and the average diffusion index for the first four months of 1986 (50.9) was 2.2 percent higher than that of the same 1985 time period (49.7). This might lead one to believe that positive things are occurring in Oregon. On the other hand, any optimism generated by the performance of the diffusion index must be tempered by recent developments in Oregon's "high tech" sector.

As mentioned in previous issues of Oregon Labor Trends, traditional economic theory says that manufacturing drives the economy and secondary industries, such as services, prosper when an economy's manufacturing is healthy. If this is true, then April's economic performance gives Oregonians reason to be both hopeful and apprehensive. Total manufacturing employment rose by a total of 1400 in April. The seasonal expectation for manufacturing in April was only 900. Therefore, real manufacturing growth for April, beyond merely the seasonal increase expected, was 500. This was almost entirely the result of strong activity in lumber and wood products.

Employment in lumber and wood products surged by 1200 in April, twice the normal seasonal increase. Logging and sawmills plus veneer and plywood plants accounted for most of this increase, up 800 and 300 respectively. The very same economic factors that made Oregon a loser in the early 1980s are making it a winner now. Most important, of course, is the decline in interest rates. This has fueled construction and thus the demand for lumber and wood products. A corollary to this increased demand has been higher lumber prices and a healthier lumber and wood products industry. Both the weakening of the dollar and lower fuel prices are also benefiting Oregon's economy by stimulating exports and reducing transportation and shipping costs. Fuel price reductions have come at an especially opportune time for lumber and wood because of recent increases in rail transport changes.

The long term outlook for Oregon's lumber and wood products industry is unclear. Economists



disagree as to long term employment levels. In the short term, however seasonally adjusted employment should stay relatively steady, possibly increasing slowly throughout 1986. There is one dark cloud on the immediate employment horizon, however. At the end of May 1986, labor contracts expire in the lumber and wood products industry. It has been reported that the unions, united as one bargaining unit, are seeking a 4.5 percent wage increase, while the large companies are seeking sizeable wage rollbacks. Both sides have indicated a reluctance to compromise. The potential for supply interruptions if a strike should occur in June may be contributing to the current strength in lumber and plywood production and employment.

Transportation equipment manufacture was the other durable goods industry showing significant gains in employment. Ship repair accounted for 350 of the 500 increase in employment in this industry. Ship repair has become increasingly important to Oregon with more ports dedicating substantial funds to marketing their facilities. Unfortunately, sea access is not only an Oregon resource. Oregon is but one of three west coast states fiercely competing for ship repair business, especially naval ship repair. In other words, what's here today could be gone tomorrow.

The April good news in lumber and wood products and transportation equipment was partly offset by another poor performance in Oregon's electrical equipment and supplies and instruments industries. These two industries, made up in large part by "high tech" firms, lost a combined 300 jobs. This reflects the "high tech" slump in effect since 1984 and is the tenth consecutive month, dating back to June of 1985, in which employment has declined. In fact, since January 1985 (34,400) the "high tech" sector has lost approximately 3000 jobs, a decrease of 8.7 percent.

On top of this bad news, was the recent announcement by Tektronix, the largest private employer in the State, of upcoming layoffs. In all, about 1500 employes will be cut from the company's payroll in August of 1986, and all managers will take a 10 percent salary reduction. While work force reductions in the "high tech"

sector, in light of recent performance, were not unexpected, the magnitude of the announced layoff was suprising. This move may herald further retrenchment in "high tech" industries in the near future. In any case, both the steadily declining employment in "high tech" over the past two years and this recent announcement should serve to remind Oregonians that no single industry is a panacea to economic development. What goes up eventually will come down.

Nondurable manufacturing lost employment from March but still improved by 100 employes over April 1985. The dominant factor in the monthly loss was the poorer than expected performance of the food and kindred products industry. Its loss of 700 jobs was 300 more than expected. Canning and preserving lost 800 jobs alone. The outlook for this industry is positive despite the April frost which damaged Oregon's strawberry crop. Nevertheless, industry officials are predicting the best strawberry harvest in three years, 60 million pounds. This is a 10 million pound increase over 1985's harvest. Further, canneries have commitments on all 104 million pounds of berries in storage. If commitments turn to sales, these two factors could lead to: 1) greater than seasonally expected cannery employment as companies build inventories back to safe levels; 2) increased demand for pickers, as farmers attempt to harvest the larger than normal crop; and 3) higher prices paid to farmers for their fruit. Based on these figures, school-age youths, accustomed to summer employment in these industries, may find 1986 a banner year.

Nonmanufacturing employment increased by 5700 over March and 20,100 over April 1985. By far the biggest winner was construction. Construction's 2000 employment growth was 1000 beyond the seasonal norm. Not only are more people being hired in construction but it also reflects, to a certain extent, confidence in the economy. People seem more willing to undertake long term investment. This improvement in construction is even more positive if one divides the economy into goods-producing and service-producing sectors. If the goods-producing sector, typically identified as manufacturing, construction, mining and agricultural industries, drives the economy and is a portent of things to come, Oregon had a good month. The nonagricultural goods-producing industries showed real growth of 1600 workers for the month of April. The assumption is that other nonmanufacturing sectors may show improvement down the road.

Of course the reason that construction has improved is obvious - lower interest rates. Although rates may not fall much further, the prime interest rate dropped to 8.5 percent in April, the lowest rate in approximately eight years.

Services was the other sector of nonmanufacturing that showed outstanding improvement. Services showed a 2700 increase in employment, 1200 more than usual for April. Hotels were responsible for approximately 600 of the monthly increase. Together with eating and drinking establishments and service stations, which improved by 1700 and 300 over March's figures (eating and drinking establishments and service stations are included in Retail Trade), these three sectors stand to profit directly from Expo 1986 in Vancouver, B.C. Weaker U.S. dollars, inexpensive gasoline, and international terrorism, all external factors beyond our control, will serve to increase tourism in the U.S., in general, and Oregon, in particular. A good portion of that tourism will be from Californians traveling through Oregon on their way to Vancouver. At the very least, our service stations, restaurants and hotels and motels stand to benefit. In addition, Oregon exhibits at Expo are designed to encourage visitors to explore Oregon on their way back home.

Trade increased 1100 when 1900 was expected. Retail trade held up its end with an increase of 1900, but wholesale trade lost 800 jobs. This was mostly due to a loss of 500 jobs in grocery products. Retail grocery trade will be an interesting sector to watch over the long term. Competition amongst grocers is becoming fierce with no-frills warehouse-type retailers becoming more prevalent. These operations are less labor intensive and generally pay lower wages. Insofar as these types of stores can continue to increase their market share, a movement toward fewer and lower-paid grocery workers may occur.

In terms of seasonally adjusted employment, the nonmanufacturing sector of Oregon's economy grew slightly during April. Large gains in construction, however, were offset by losses in trade; finance, insurance, and real estate; and government. If the goods-producing versus services-producing theory is applicable, however, these industries should show future improvement.

In conclusion, the same external economic events that helped cause Oregon's economic woes in the early 1980s are now nudging us, ever so slowly, in the opposite direction. We had very little control then, and we have very little control now. We should not expect a dramatic turnaround overnight, and we should expect occasional rough spots that slow our progress. Nevertheless, we do have reason to be, at the very least, cautiously hopeful.□

NEW LMI PUBLICATION

A new publication, Oregon Industrial Outlook, is currently available for those who wish a detailed look at Oregon's economy. Information is provided on 280 separate industries including:

Wage and Salary Employment, 1979-84
Number of Firms, 1979-84
Average Weekly Earnings, 1979-84
Growth Rate, 1983-91
Projected Employment, 1991
New Hire Rate, 1984
Occupational Profile, 1983

In addition to this comprehensive data set, including seven appendices, the publication provides analyses of Oregon's labor force, population, economy, export industries, international trade, trends in real earnings, and occupational shifts in employment.

This is the first time that all of this information has been brought together in one document. A limited number of copies are available. Contact Research and Statistics at 378-8657.

THE CONSUMER PRICE INDEX

Al Stoebig

The Consumer Price Index (CPI) is the indicator most frequently used by the public to measure the "inflation rate" or "cost-of-living". Typical examples of its application include use in "cost-of-living" adjustments (COLAs) for wage contracts, rents, and other legal agreements. This article will present an overview of the consumer price index with emphasis on the Portland CPI.

The CPI measures the average change in prices over time of a fixed market basket of goods and services purchased by a well-defined group of consumers. This measurement is made relative to a base period, which is arbitrarily set equal to 100. For most areas where the index is compiled, the base year now used is 1967.

Two major CPIs are published: (1) the CPI for All Urban Consumers (CPI-U) which covers about 80 percent of the noninstitutional civilian population, and (2) the CPI for Urban Wage Earners and Clerical Workers (CPI-W), which includes about one-half the population covered by the CPI-U. The CPI-U includes, in addition to wage earners and clerical workers, other groups that historically have been excluded by CPI coverage such as professional, managerial, and technical workers; the self-employed; short-term workers; the unemployed; and retirees and others not in the labor force. The CPI-U series began in January 1978 while the CPI-W is available back to 1919.

Both CPIs are based on prices of food, clothing, shelter, fuel, transportation fares, charges for medical services, drugs, and other goods and services people buy for daily living. Taxes directly associated with the purchase and use of these goods and services are included in the indexes. All data is gathered by representatives of the U.S. Department of Labor's Bureau of Labor Statistics (BLS), which administers the entire CPI program.

BLS currently publisnes the CPI-U and CPI-W on a monthly basis at the national level. In addition, the Bureau now produces corresponding indexes for 28 urban areas on a monthly or bimonthly basis. Additional indexes are compiled each month for population size classes and broad geographical regions. These indexes do not measure differences in the level of prices between areas; they only measure the average change in prices within each area since the base period.

The only CPI that BLS publishes for Oregon is the bimonthly index produced for that portion of the Portland Metropolitan Area consisting of Clackamas, Multnomah, and Washington counties in Oregon, and Clark County in Washington. Beginning in 1987, BLS will publish Portland CPI data only on a semiannual basis because of sample reallocations brougnt about by the 1980 Census combined with recent budgetary cutbacks. Also, the geographical range of the sample will be extended to include Yamnill County. All series will be linked to eliminate any discontinuities created by the conversion.

Readers who may be using or contemplating the use of Portland CPI-U or CPI-W data in contract agreements should consider the following warning provided by BLS:

> Local area CPI indexes are by-products of the national CPI program. Because each local index is a small subset of the national index, it has a smaller sample size and is, therefore, subject to substantially more sampling and other measurement error than the national index. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar. Therefore, the Bureau of Labor Statistics strongly urges users to consider adopting the national average CPI for use in escalator clauses.

If, despite this warning, users wish to remain with the Portland data because of its regional character, it is strongly recommended that the annual average be chosen, particularly in light of the changes outlined for 1987.

The first accompanying table provides annual average CPI data for the Portland Metropolitan Area from 1967 through 1985. A second table presents the Portland and national CPI-U and CPI-W data from July 1984 to date. These CPI series experienced a sharp drop during the first three months of 1986 as a result of falling interest rates and plummeting oil prices.

Movements of the CPI indexes over time are normally expressed as percent changes rather than as changes in the index levels. The formula describing percent change is the index point difference (current minus previous index), divided by the index level in the previous period, times 100.

Annual Average Consumer Price Index for the Portland Area

Year	Consumer Price Index	% Change over the year	Year	Consumer Price Index	% Change over the year
1967	100.0		1977	180.2	7.9
1968	103.5	3.5	1978*	198.4	10.1
1969	108.6	4.2	1979*	225.4	13.6
1970	113.2	4.2	1980*	255.4	13.3
1971	116.1	2.6	1981*	278.2	8.9
1972	119.5	2.9	1982*	287.0	3.2
1973	127.3	6.5	1983*	290.1	1.1
1974	142.8	12.2	1984*	301.0	3.8
1975	156.6	9.6	1985*	312.4	3.8
1976	167.0	6.7			

*CPI-U data

The CPI is not without its limitations. As critics like to point out, the CPI is technically a price index, not a cost-of-living index. A true

cost-of-living index would not assume the consumer buys the same mix of goods and services month after month as the CPI does. People substitute, or go without if they can, when a price for a good or service goes too high.

The market basket now in use in the CPI program is based on a comprehensive Consumer Expenditure Survey that BLS conducted during the 1972/73 period. Obviously, purchasing patterns have changed since then. The current statistical "weights" are scheduled to be revised early in 1987 to reflect 1982-84 spending patterns. Although the transfer will be conducted in a manner so as not to disrupt the CPI series, the shift in weights does raise questions about the comparability of the series over time.

Another weakness critics see in the CPI is the difficulty associated with measuring quality changes in products and services. Technological developments and innovations lead to new or improved products that theoretically improve the quality of life. The explosion of consumer electronic goods, new medical drugs and procedures, and the advent of personal computers are some recent examples of this qualitative shift. However, the measurement of quality is a difficult concept to express in quantatitive terms. BLS tries to solve the problem by adjusting when possible for the cost associated with producing specific quality changes. These adjustments, however, tend to lag the shifts in the market place.

Until January 1983, the CPI-U included homeowner costs such as home purchases, mortgage interest costs, property taxes, property insurance, maintenance and repairs. Critics charged that these home costs reflected an investment, not a consumption of goods. To overcome this objection, BLS replaced these costs with a rental equivalent approach, which calculates the shelter costs of homeowners based on the implicit rent owners would have to pay to rent the homes they own. A similar conversion occurred in the CPI-W series beginning in January 1985. In each case, both the old and new series were adjusted so that no discontinuity occurred when the rental equivalence concept was introduced. However, the criticism of the CPI

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Mar. 2/ 1986	Feb. 3/ 1986	Mar. 1985	Mar. 2/ 1986	Feb. 3/ 1986	Mar. 1985	Mar. 2/ 1986	Feb. 3/ 1986	Mar. 1985
TOTAL MANUFACTURING 4/	$420.12	$413.70	$409.34	39.3	38.7	38.8	$10.69	$10.69	$10.55
Durable Goods	428.93	421.89	417.09	39.9	39.1	39.2	10.75	10.79	10.64
Lumber & Wood Products	451.98	444.57	436.30	40.5	39.8	39.2	11.16	11.17	11.13
Logging & Sawmills	476.39	470.79	464.88	40.1	39.2	39.0	11.88	12.01	11.92
Veneer & Plywood	477.36	457.87	449.65	43.2	41.7	40.4	11.05	10.98	11.13
Millwork & Struct Wood	347.53	358.49	334.28	38.7	39.7	37.9	8.98	9.03	8.82
Mobile Homes	267.12	268.04	277.44	31.5	32.1	34.0	8.48	8.35	8.16
Other Wood Products	440.90	438.21	430.20	39.9	40.5	40.7	11.05	10.82	10.57
Furniture & Fixtures	305.63	315.08	259.92	39.9	43.7	34.2	7.66	7.21	7.60
Primary Metals	492.48	488.93	490.56	41.7	41.4	42.0	11.81	11.81	11.68
Fabricated Metals	409.76	388.58	387.87	39.4	37.8	39.1	10.40	10.28	9.92
Machinery	426.50	421.69	416.85	39.2	39.3	39.7	10.88	10.73	10.50
Nondurable Goods	394.13	390.66	384.00	37.5	37.6	37.5	10.51	10.39	10.24
Food & Kindred Products	329.00	332.48	325.98	35.8	36.1	36.1	9.19	9.21	9.03
Canning & Preserving	262.82	264.02	267.72	34.0	34.2	34.5	7.73	7.72	7.76
Other Food Products	413.77	419.65	407.51	38.1	38.5	38.3	10.86	10.90	10.64
Textile Mill Products	241.78	237.99	232.09	38.5	38.2	37.8	6.28	6.23	6.14
Apparel	214.62	217.55	218.86	36.5	38.1	37.8	5.88	5.71	5.79
Paper & Allied Products	603.43	602.78	586.10	40.8	41.6	40.9	14.79	14.49	14.33
Printing & Publishing	416.58	397.84	408.04	36.8	36.2	36.4	11.32	10.99	11.21
Construction 4/	451.25	432.77	494.33	33.5	32.2	34.4	13.47	13.44	14.37
Communications & Utilities 5/	506.72	509.64	498.15	40.7	41.1	40.5	12.45	12.40	12.30
Trade 5/	287.80	286.11	285.12	34.1	33.7	33.0	8.44	8.49	8.64
Wholesale Trade	385.10	387.46	383.79	37.1	37.4	37.7	10.38	10.36	10.18
Retail Trade	238.23	235.32	237.00	32.5	31.8	30.7	7.33	7.40	7.72
Banking & Insurance	311.59	303.35	282.73						
State & Local Government	334.49	338.68	324.10						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
2/ Preliminary
3/ Revised
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

cited above may be too severe. Neither it nor any cost-of-living index that might be constructed can measure the actual cost-of-living for a specific family. Families vary widely in their incomes, size, wants, life styles, and purchasing patterns. Within limits, a family can modify its "cost-of-living". This variability cannot be captured by any standardized cost-of-living statistic.

A "hot line" in the Portland area carries a tape recording of current local and national CPI data. The number is 221-4132. Detailed information about the program is available by contacting:

U.S. Department of Labor
Bureau of Labor Statistics
450 Golden Gate Ave., PO Box 36017
San Francisco, CA 94102

CONSUMER PRICE INDEX

	PORTLAND METROPOLITAN AREA				UNITED STATES			
	All Urban Consumers	Percent Change over the Year	Wage Earners & Clerical Workers	Percent Change over the Year	All Urban Consumers	Percent Change over the Year	Wage Earners & Clerical Workers	Percent Change over the Year
1984								
July	300.9	3.2	294.6	2.9	311.7	4.1	307.5	3.1
Aug					313.0	4.2	310.3	3.6
Sept	302.5	3.1	293.7	1.9	314.5	4.2	312.1	3.8
Oct					315.3	4.2	312.2	3.6
Nov	304.8	3.7	295.7	2.1	315.3	4.0	311.9	3.5
Dec					315.5	4.0	312.2	3.5
Annual Avg.	301.0	3.8	294.2	2.9	311.1	4.3	307.6	3.4
1985								
Jan	306.8	4.0	297.4	2.7	316.1	3.6	312.6	3.3
Feb					317.4	3.5	313.9	3.5
Mar	309.0	3.7	299.8	2.6	318.8	3.7	315.3	4.0
Apr					320.1	3.7	316.7	4.1
May	310.4	2.8	301.2	1.2	321.3	3.7	317.8	4.1
Jun					322.3	3.7	318.7	4.1
July	312.9	4.0	303.2	2.9	322.8	3.6	319.1	3.8
Aug					323.5	3.4	319.6	3.0
Sept	314.9	4.1	305.4	4.0	324.5	3.2	320.5	2.7
Oct					325.5	3.2	321.3	2.9
Nov	317.1	4.0	307.3	3.9	326.6	3.6	322.6	3.4
Dec					327.4	3.8	323.4	3.6
Annual Ave.	312.4	3.8	302.9	3.0	322.2	3.6	318.5	3.5
1986								
Jan	321.3	4.7	311.0	4.6	328.4	3.9	324.3	3.7
Feb					327.5	3.2	323.2	3.0
March	315.0	1.9	304.3	1.5	326.0	2.3	321.4	1.9
Apr					325.3	1.6	320.4	1.2

OREGON LABOR TRENDS

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Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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